

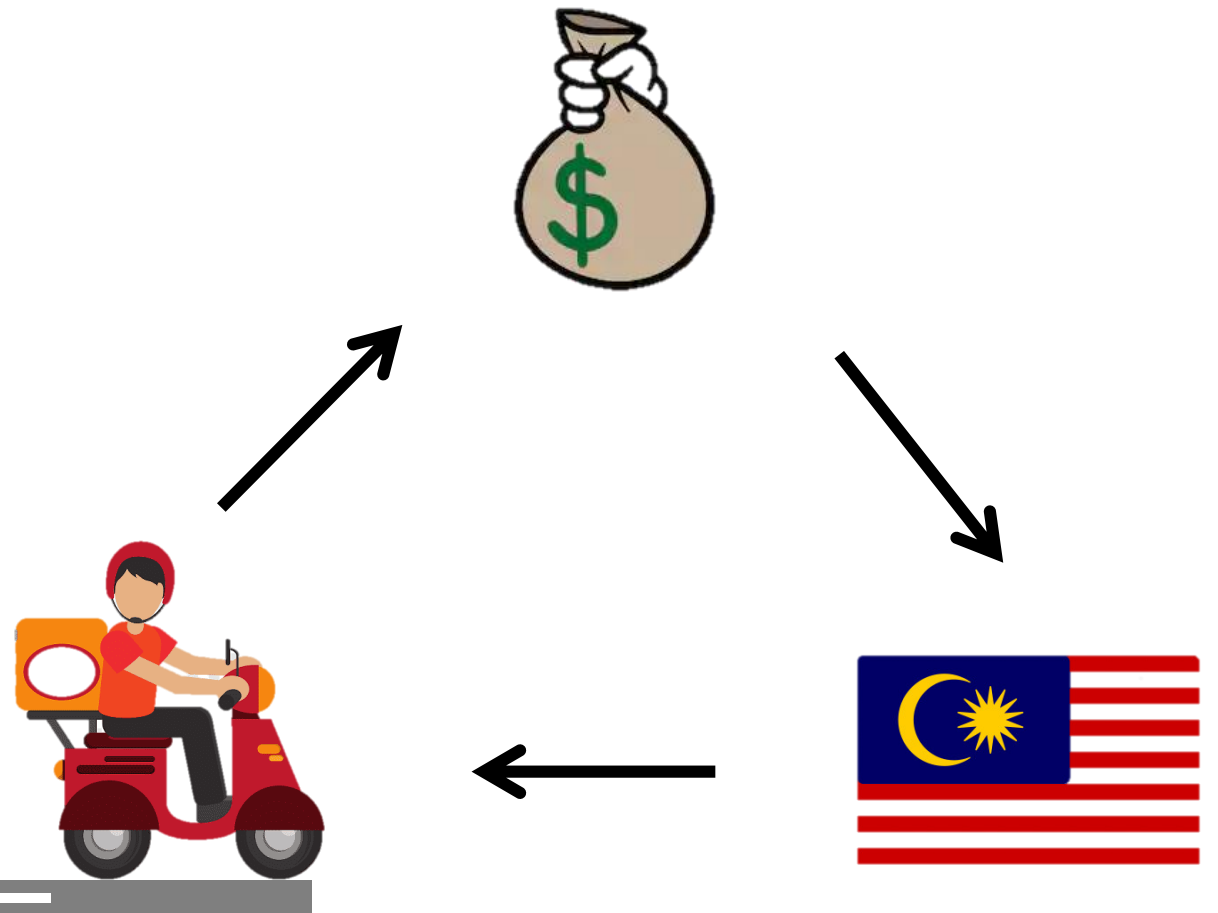


## **E-Commerce**

*Do I Have to Pay Taxes for an Online Business?*



# How an online business be taxed?



- Business income is derived from Malaysia, subject to tax in Malaysia. Mainly due to where the **business operations** are carried on in Malaysia



## **Business operations** included:

- Services are performed 执行服务
- Where contracts are formed 签定合同的地方
- Where goods are stored and arrangement was made for delivery of the products 存放货物并安排交货的地点
- Advertising and promotions made 广告促销
- Maintaining the websites 维护网站



# EXAMPLE

A resident person having business operations in Malaysia sets up a website outside Malaysia. 位马来公民经营业务在马来西亚，然而在国外建立网站。

1

Subject to income tax in Malaysia as business operations of the person are substantially carried on in Malaysia even if the activities to maintain the website are performed outside Malaysia, the sales via website outside Malaysia is deemed to be derived from Malaysia 需缴付马来西亚所得税，因为商业运作基本上在本地进行。

A non-resident company having business operations outside Malaysia sets up a website outside Malaysia and branch in Malaysia. 一位非公民在国外经营业务，也在国外建立网站，但在马来西亚有分行。

2

Income from business operations carried on outside Malaysia is not subject to tax in Malaysia. Income including e-commerce income that are attributable to the business operations of the branch in Malaysia is deemed to be derived from Malaysia. 来自于本地分行生意的网络收入来源是属于马来西亚所得税。

# Resident Company

Business Operations in Malaysia	Sets up website in Malaysia	Branch inside Malaysia	Subject to tax in Malaysia
√	√		√
√	X		√
√	X	X	√*
X	√		X
X	X		X



\* income derived from sales via the website that are attributable to the business operations of the branch outside Malaysia are deemed **not** to be income derived from Malaysia.



## E-business should registered under Form B or Form BE? 网卖报税该填Form B 还是 Form BE?

	Form B	Form BE
	For individual residents who have business income	For individual residents who have income other than business
	Sole proprietorship or partnership	Wage earners
Types of income	Business income 商业收入	Employment income 受雇收入 (打工)

- If you are **worker and also conducting online business**, you must declare your income in **Form B**. 如果你是打工人士也兼职网卖生意，你应该呈报你的收入在Form B.

**Q:** Can I declare my personal income in Form BE, and declare business income in the section of other income? 是否可以填Form BE, 在other income填生意收入?

**A:** Cannot. Other income is eligible to wage earners which must be one-time income. 不能。这笔收入必须是一次性的，非定期收入。



## Registered business 注册公司

According to *Suruhanjaya Syarikat Malaysia (SSM)*, you can register your business as:-

- Sole proprietorship 个人
- Partnership 合伙
- Limited Liability Partnership 合伙有限
- Sdn Bhd 有限公司

*For small-scale online business, Sole Proprietorship is the most cheaper option. 如果是刚刚起步的生意，建议先注册 sole proprietorship*

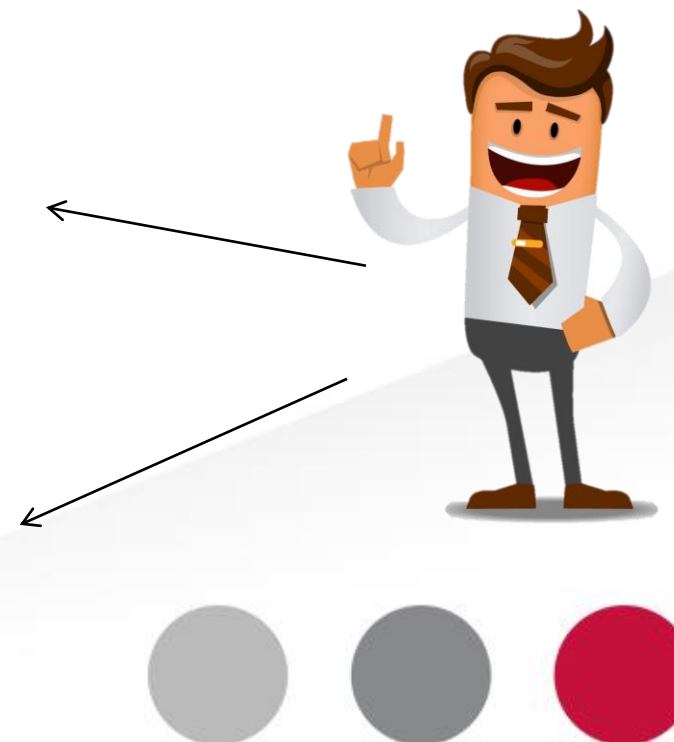
Low cost on business registration

注册费便宜

- RM30/per annum (Name on IC)
- RM60/per annum (Trading, enterprise, etc)

Tax rate based on personal income

税率按照个人所得税来计算



**Income from online business is chargeable to an individual when his/her total annual income exceed RM 34,000/year**

## EXAMPLE

Mr. A run an online business and working as a clerk. Total of annual income from both source of income after the deduction is less than RM 34,000. He does not eligible for the tax payment for that year





# What is the difference for income tax rates between individual and corporate?

**Individual – employee, sole proprietorship or partnership business owner**



**0% - 30%**



## Personal Income Tax Rate (2020)

Chargeable Income	Calculations (RM)	Rate %	Tax(RM)
<b>0 - 5,000</b>	On the First 5,000	0	0
<b>5,001 - 20,000</b>	On the First 5,000	1	0
	Next 15,000		150
<b>20,001 - 35,000</b>	On the First 20,000	3	150
	Next 15,000		450
<b>35,001 - 50,000</b>	On the First 35,000	8	600
	Next 15,000		1,200
<b>50,001 - 70,000</b>	On the First 50,000	14	1,800
	Next 20,000		2,800
<b>70,001 - 100,000</b>	On the First 70,000	21	4,600
	Next 30,000		6,300
<b>100,001 - 250,000</b>	On the First 100,000	24	10,900
	Next 150,000		36,000
<b>250,001 - 400,000</b>	On the First 250,000	24.5	46,900
	Next 150,000		36,750
<b>400,001 - 600,000</b>	On the First 400,000	25	83,650
	Next 200,000		50,000
<b>600,001 - 1,000,000</b>	On the First 600,000	26	133,650
	Next 400,000		104,000
<b>1,000,001 - 2,000,000</b>	On the First 1,000,000	28	237,650
	Next 1,000,000		280,000
<b>Exceeding 2,000,000</b>	On the First 2,000,000	30	517,650
	Next ringgit		.....



## Corporate (E.g.; A Sdn. Bhd).



<b>Paid-up capital of RM2.5 million or less</b>	<b>Rate</b>
On the first RM 600,000 chargeable income	17%
On subsequent chargeable income	24%
<b>Paid-up capital of more than RM2.5 million</b>	<b>Rate</b>
Flat rate	24%



## Business expenses 营业支出费用

Allowable 可扣税	Non-allowable 不可扣税
<p>Expenses incurred in the production of business income</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• Web maintenance fees 网站维护费</li> <li>• Web consultant fees 网络顾问费</li> <li>• Domain fee/ renewal fees 续期费</li> <li>• Internet access fees 互联网费</li> <li>• Postage and courier 邮费和快递</li> <li>• Packaging fee 包装费</li> <li>• Rental for server 服务器租用费</li> <li>• Utilities 水电费</li> </ul>	<p>Expenses not incurred in the production of business income</p> <p>Examples:</p> <ol style="list-style-type: none"> <li>1. Domestic and personal expenses 个人支出 <ul style="list-style-type: none"> <li>• Personal utility bills</li> </ul> </li> <li>2. Purchase of personal assets 购买个人产业 <ul style="list-style-type: none"> <li>• Car</li> <li>• House</li> <li>• Furniture</li> </ul> </li> </ol>



# Tips for expenses deduction



If you are home-based, use your home address as business registered address. It is handy when you want to write off some expenses as your business expenses.

如果你是在家做工，建议你以住家地址为商业注册地址，这会让你很方便，当你要注销一些费用作为业务费用时

**Therefore, it is advisable to have clear and proper documentation of expenses and claim**

